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| EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210 | CLASSIFICATION UI |
| | CORRESPONDENCE SYMBOL OUI/DFAS |
| | DATE February 4, 2013 |

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 10-13

TO: STATE WORKFORCE AGENCIES

FROM: JANE OATES /s/
Assistant Secretary

SUBJECT: Interest Rate on Title XII Advances During Calendar Year (CY) 2013

1. **Purpose.** To announce the rate of interest that the U.S. Department of the Treasury (Treasury) will charge on Title XII advances during CY 2013.
2. **References.** Sections 303 and 1202 of the Social Security Act (SSA); Section 3304 of the Federal Unemployment Tax Act (FUTA); and 20 CFR part 606.
3. **Background.** The criteria for establishing the rate of interest to be charged on Title XII advances during any CY are described in Section 1202(b)(4), SSA. In brief, the interest rate for a CY is the earnings yield on the Unemployment Trust Fund (UTF) for the quarter ending December 31 of the previous CY.
4. **CY 2013 Interest Rate.** The Treasury has established the earnings yield on the UTF for the quarter ending December 31, 2012, to be 2.5765 percent. As such, this becomes the rate of interest that will be charged to repayable Title XII advances during CY 2013.
5. **Action Requested.** States expecting to request a Title XII advance should take necessary action to establish a mechanism to provide funds for the payment of interest on those advances, in accordance with the provisions of Section 1202(b), SSA, and subject to the limitations in Section 303(c)(3) and 1202(b)(5), SSA and Section 3304(a)(17), FUTA.

In summary, interest is due and payable each September 30, and may not be paid from the state's unemployment fund or from Federal funds. However, there are several provisions for interest relief, including "Cash flow loans," "May/September delays," "High unemployment deferrals," and "High unemployment delays." For further information concerning relief from Title XII interest payments, see 20 CFR part 606, subparts D and E.

6. **Inquiries.** Questions should be directed to the appropriate Regional Office.

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| RESCISSIONS None | EXPIRATION DATE December 31, 2013 |
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